



PSC NEWS

Missouri Public Service Commission

Contact: Kevin Kelly

Phone: (573) 751-9300

Governor Office Building, Suite 600

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Natural Gas Rates To Change For Missouri Gas Utility Customers

JEFFERSON CITY—To primarily reflect estimated changes in the wholesale cost of natural gas for the upcoming winter heating season, Missouri Gas Utility, Inc. (Missouri Gas Utility) natural gas customers will experience an increase in natural gas rates under a filing which takes effect on November 21, 2005. This increase is interim subject to refund.

A residential customer paid approximately \$0.72 per Ccf (per 100 cubic feet of gas) during the winter of 2004-2005. Under this filing, the rate will increase to approximately \$0.93 per Ccf (per 100 cubic feet of gas), an increase of approximately \$0.21 per Ccf. Last winter, a residential customer using 607 Ccf of gas had a bill of \$662; if weather is normal this year and customers do not take measures to reduce their usage, that same customer would use approximately 663 Ccf of gas for a bill of approximately \$845, before taxes. This represents an increase of approximately 28%. These numbers reflect more usage as well as a higher unit price of natural gas projected for this winter versus last winter.

Current natural gas market prices are at record levels for this time of the year based upon a number of factors including recent hurricanes, above average summer temperatures resulting in increased demand for natural gas-fired generators to serve air-conditioning load and high crude oil prices.

Approximately 65% to 80% of a customer's natural gas bill reflects the cost of natural gas from wholesale suppliers. **The wholesale cost of natural gas** (the cost your local natural gas company must pay to its suppliers for natural gas) **is not regulated by the Missouri Public Service Commission.** The wellhead cost of natural gas is unregulated and is primarily driven by supply, demand and the weather. The Missouri Public Service Commission does conduct an annual regulatory review to ensure that regulated natural gas companies make prudent decisions in securing natural gas supplies for their customers.

Missouri Gas Utility serves approximately 740 natural gas customers in the areas of Hamilton and Gallatin, Missouri.